

Transcript

*Gene
Bradley*

Approved For Release 2001/11/22 : CIA-RDP80B01554R002700310001-2

5 Dec 77

When Gene Bradley asked me to be with you tonight, he asked if I would talk about the strategic position of the United States in the world today. Unfortunately, I can't do part of that because as your chief intelligence officer I stay _____ of the strategy and policy of our country. My job is to provide the facts and not to bias them in any way with regard to _____ one policy or another. What I would like to do to try to fulfill Gene's request as best I can is to tell you of the general directions that I am making in our country intelligence effort today and from that I can feel that you can discern the interest and concern the country is feeling and perhaps you _____.

To begin with let me talk about one of our major areas of intelligence and that of course is the military equation today. As we look around the world it is a vastly different situation for the intelligence people than it was say 30 years ago when the Central Intelligence Agency was founded. Clearly, at that time we were the dominant military power in the world. We had no one to challenge us seriously. Since then the Soviet Union having failed to grow adequately in other sectors has concentrated a great deal of its effort in military spheres as the most logical area in which it could compete with us. Today we find ourselves in a world of rough military parities. About parity I mean in the world of strategic intercontinental weaponry. While our courses are different both qualitatively and quantitatively I feel quite persuaded that the _____ nor the Soviet Union can afford today to

Approved For Release 2001/11/22 : CIA-RDP80B01554R002700310001-2

consider this kind of warfare without unacceptable risks . When I speak of parity in the world of conventional armaments I'm not talking about our _____ armies, navies and air forces but again I'm talking about forces of sufficient comparability and neither side can, with any cavalier instinct enage each other in that kind of warfare without very, very serious to all concerned.

Now clearly when we are faced with this change from dominance rough to/parity the value of intelligence to our country's military strength becomes much more pungent than ever before. After all when you can discern the composition of the enemy force and _____ of its intentions, one has a great deal of leverage. When you know what the other side is thinking in some ways you can better adjust the plans and programming, and of course that is not all together _____ it takes good intelligence collection and analysis to bring it together. No one reveals these things but you have to pick them up piece-by-piece and over a period of time you can put the puzzle together, put it together in a way to give insight to diplomats who are negotiating things and insight to military leaders for planning their force composition and tactics.

So, today a large portion of our intelligence effort must be given over to the military field. But perhaps one of the striking changes in the last 2 years is that the _____ effort is also now important in economic sphere. Again if we look back 30 years the United States was really totally independent of economic _____ and of course the dominant influence in the world economic

picture. To a group like this I need not emphasize how inter-dependent we and all the rest of the world are economically today and it's no big step from that to gauging how important it is that we be able from an intelligence point-of-view to have some knowledge of what's going on around the rest of the world so _____ anticipate the moves, hopefully don't come, by the Soviet Union, by the European economic community, by Japan, by others who have such an influence on all of us in every country of the world by their own economic actions. Today our intelligence efforts are trying to keep pace with this change that is coming in the economic situation of the world. Some of our major efforts of the past year have been tailored in this direction of economic analysis. For instance, last March we released to the public A Study of The World Energy Prospects for the Next Seven or Eight Years. We hope this will help contribute to the national debate on this critical issue. What we said in that report, sometimes it has been misquoted and misinterpreted, is not that the world is running out of oil, but simply that in the next seven and eight years, until the mid-1980s, we do not believe the world will be able to pump out of the earth as much of that golden fluid as it will want, to consume; and that there is very little you can do about that in the near term. The wells mostly lined up today, aren't going to be pumping in 1985. And therefor, either there will be considerable confrontation in the world and/or considerable pressures on energy crises. Last May we put out another economic study on The World Steel situation; and in this we pointed out that today there are

no major steel producing countries operating at much more than 75% of its total capacity. We see in the four or five years immediately ahead no prospect that demands are filled the requirements for that extra capacity. And on top of that we see that there are quite a few countries of the third world who are today, quite understandably, developing more capacity for producing steel in order not to be dependent on the major countries. In July we produced a report that would be of interest to some of you on International Terrorism. We made special efforts in this case to make this report available to the Department of Commerce, businesses and agents in the international sphere. This study looked at trends and developments in this area and tried to size up the future dimensions and problems which has unfortunately come up with the feeling the United States and its businesses are perhaps more vulnerable than ever.

In July we produced a study for the Joint Economic Committee of Congress on The Prospects for the Soviet Economy. This was a rather startling change in our previous survey of this field. Previously we had thought that the Soviets had the capacity within their economic structure to do three things at the same time; First, to make the effort that they are to catch up with us in the military sphere; the second was to improve, although not startlingly, the quality of life within the Soviet Union; and the third, was to develop with further investment the economy itself so that it would continue to grow. Our re-review of this this summer led us to some different conclusions; led us to the conclusion that prospects in

the five or ten years just ahead for the Soviet economy are perhaps more bleak than any time since the death of Stalin. Why? We believe the Soviets have developed their economy on the foundation stone that productivity remained high and grew by continued infusions of more ~~paper~~ ^{labor} and more capital and that they are coming to the end of that era. First, because in the 1960s they had a very low birth rate, and we project demographically in the 1980s the rate of growth of the Soviet economy's labor force will drop ~~to~~ ^{from} about 1.5% a year today to about half a percent. On top of that the principal growth will come in Central Asian nationalities who don't ~~migrate~~ ^{with} ~~rapidly~~ ^{with} and willingly to the cities. I am ~~not~~ saying this ~~to~~ the Soviet Counselor here ~~to the left so~~ ^{Central Asia and} I have some trepidation not knowing much about ~~the~~ ^{Russia, if you will forgive me sir. Secondly, the Soviet Union has of course in much of the rest of the world in what is capitally becoming more expensive and more difficult in their case reaching in many instances out into the Siberian wasteland where it's just much more prosperous. And in particular, if you go back to our energy study, we feel the Soviets are emphasizing current production rather than the balance of current production and the exploration for reserves. In fact we feel that the way they are emphasizing current production would in fact cut into their reserves which would result in the loss of oil in the current fields that they are operating. In fact if you read the Soviet five-year economic plan, you'll find that they say the same thing. They do not predict there will be}

increasing inputs of capital and labor as there has been traditionally. Where we differ with their economists is they predict that nonetheless they will have increasing productivity. I would say to you, that may be the case but we don't happen to think it is in the cards. We see no signs of increasing efficiency and we see no willingness to become less shackled to the economic doctrines which we think are fundamental to their lack of adequate growth. Instead we see between now and the early to mid-1980s we think the Soviets will be faced with some very difficult pragmatic ^{issues? choices?} traces. On one hand, there may well be a debate over the size of the manpower that goes into their armed forces or the amount of the investment that goes into their sources to regress some of the shortages I've mentioned. On the other hand we see they may have to ask themselves will they fulfill their promise of about a million .6 barrels of oil a day to be delivered to the Eastern European satellites. Will they be able to do that with the constraints on them elsewhere of the demands for oil for the alternatives of obtaining hard currency foreign exchange for that oil. And with foreign exchange we see them faced with difficult questions about where they will obtain that amount of foreign exchange to keep up the infusions of Western technology which are one of the principal sources of their economic growth today. The Soviets are in debt for \$16 billion to the West, the rest of Eastern Europe \$24 billion and it is growing about \$5 billion a year. Where will they find the resources to continue this.

In short, there are difficult issues ahead and it would appear to us that there will be a high probability of a major leadership change in the Soviet Union as they approach these difficult choices. I don't know how that transition will go, but there is a possibility that it will be a difficult period to take difficult decisions. On the other hand, they may make just the right decisions and they may be willing to make the necessary sacrifices and the leadership transition and the state of the economy may go very smooth. But what I am saying, and I need not emphasize to an audience like this, is that whatever decisions they make are not going to be remote from you and from me. To the contrary they will be very important to all of us. What they do with their armed forces will obviously have a major impact on the amount of investment that this country continues to make in its armed forces. What they do with their oil export policy with respect to Eastern Europe will have a major impact on it the stability of that area of the world and ~~have~~ too on what goes on in Western Europe. Whether they lead us into increased competition for the energy resources from _____ to _____ the companies and others will have a major impact on/price of energy around the world. And how much they enter the money markets in attempts to borrow from the Western countries will face us with difficult policy decisions.

Now let me just say that as we make forecast studies and publish them, such as these, I certainly don't want to pretend to slight the high reputation of the CIA in the past that we

believe we are revealing the future immutably. We recognize that we're giving our best reading of the situation. It may be wrong, but as I said earlier I hope that we're helping the country focus on the right issues in its debate. We do find that people disagree with us. For instance, there was considerable disagreement in the public media last March with respect to the Energy Study. It was very healthy for us. At first we wrote to every person who appeared in the media with a really rational argument against our study. I got responses from many of them. We called those who responded in and asked them to come and spend a day with us. We went over their arguments, gave them ours and we had a very, very useful exchange. And we hope that as more studies like this come off our presses and into the public domain, that we in the intelligence community, not just CIA but State Department's intelligence branch, Defense Department's intelligence branch - all of us, will have more dialogue, more interface with the American public in general. Now let me say if that surprises you, could it be that this has not been an objective of intelligence professionals in the past. Intelligence has traditionally operated under a rule of maximum secrecy. But any more, I think you can see because of this shift to more emphasis in the economic sphere, where there is such ability to shake information to the public and such benefit to doing that that we feel we should look today to a program of greater openness with the American public. So each time today we complete a major study, major review or estimate, we look at it, we ask ourselves no matter whether it's labelled SECRET or TOP SECRET or destroy

before reading, whatever else, we ask ourselves can we go through it and excise that information which would either reveal by various clues the way in which we got that information and which we want to continue to use in the future or would handicap our policymakers by taking away the advantage of their having particularly more inside information. If after we've taken out those necessary clues or bits of information, we feel there is enough left of substantive value to the American public, we will publish these studies openly and make them available to the Government Printing Office. I don't intend to exaggerate to your appetite or exaggerate, intelligence is still a very secretive business and there is no way we can open up entirely or completely. And anyone who understands the international system today appreciates that very quickly. As I intimated our sources would evaporate and our decision-makers would fail to benefit from the fact that adversaries might not know how much we knew about them.

But while we are on this subject of secrecy, let me say that I think there are real benefits to this policy of greater openness that we are finding our way into as a matter of new routine today. One of those is that it will in fact help us protect the real secrets. Winston Churchill once said that if everything is classified SECRET nothing is secret and that is very true. And therefore, we hope by reducing the corpus of classified information to place greater value on that which remains; to have greater respect for it; not to have people like Ellsberg and Snepp running around revealing what they think should be unclassified. I would suggest to you

(breakation)

of great concern tonight that we have reached the breaking point in our society when individuals like these feel that they can take it upon themselves to decide what should and what should not remain private and what should enter the public domain. I would suggest to you that we have reached a post-Watergate period in which we must again begin to place more trust in your elected officials and the public servants they appoint. Failure to do this can only lead to a logical extension of this theory that one man could declassify something and publish it openly which is that all 215 million Americans can do that. And that's chaos and the stakes are too high today for such. So I would suggest to you it's time we restore a moderate amount of faith in the public servants who make these decisions. But I ask you not to take us on faith alone, I ask you to recognize that in the process of building greater openness we are also today building greater controls, greater checks and balances. And again this is contrary to the tradition of intelligence men who have always wanted to operate under maximum secrecy with minimum supervision. But today, since we cannot have public total oversight of the intelligence process and still remain secretive in any degree, we are seeking ways of developing surrogates for your public oversight. The first surrogate I know of is the President of the United States and the second, the Vice President; and they really take a strong interest today and give me of their time and attention to know what's going on in the intelligence field. Another para-surrogates are two Committees of the Congress. The Senate Committee has been in action for a year and a half; the House

Committee has been in action for three months. They are a combination of a sounding board for us and an oversight process for us. I can turn to them and get a feel for what you, the American public, want out of us in terms of standards and morals and performance. And in turn, they knowing what you want can ask me questions and check on how we're doing it, and I have a very full exchange with them. This is new and there are other surrogate processes for checking on us, I won't go into them in detail but only would conclude by saying that we are in an exciting time in American intelligence today, because we are feeling our way into openness on the one hand and supervision and control on the other. I am confident that over the next several years, and it will take that long, we will find an appropriate balance between an appropriate amount of secrecy, an appropriate amount of openness, the necessary amount of controls, the necessary amount of initiative and _____ that much characterize an intelligence operation. Our security as a nation and in many ways the future of the world's safety are quite dependent upon the quality of the intelligence product that we can offer to you, to our major decision-makers. So the success of the intelligence community is a success of our Nation. The failures of the intelligence community are the failures of our Nation. You, and I cannot be indifferent to the infunctions of our intelligence world today. The fact that you have asked me to be here with you tonight is an indication of your interest and concern and I truly appreciate it. Thank you.

Just

Questions and Answers

5 December 1977

Question: One thing worries me about security. I listened to your words very carefully have that openness (unintelligible But one things worries me is thatyou have to do now Keep it up.and being able to control that without the oversight but I'm behind you 100%the best intelligence organization in the world and that's what you ought to be.

Answer: Thank you. The question was are we able with these new policies of openness and oversight to keep ahead of the KGB and other intelligence organizations and still be the best in the world? _____
I think we are the best in the world still and will be forever. Now, you referred in your question as to to take the cuts we are forced/ the Central Intelligence Agency today. Let me lift just a little fog of the Washington Post from your eyes. All they say is not always true, hard as they try. Nobody imposed the cuts on us. Nobody gave us the financial total or nobody gave me any directions. But from the day I arrived in the Central Intelligence Agency last March, I kept hearing your older staff. And there are a lot of organizations in this world that can afford to be overstaffed without ruining their people because the people aren't that

capable or ambitious. But when you take the high quality individuals we have in the CIA and you underemploy and oversupervise them, you have got morale problems and you have got a problem of how am I going to induce into the organization the young men and women who will make it as good in 1990 and 1995 as it is today. And I took the cut, and I took it because you as taxpayers and myself as a taxpayer don't want to pay for 820 people more than the CIA needs; and as a manager I do not want to try to maintain esprit, morale and productivity when we are overstaffed and overmanaged. And there has been nobody in the Central Intelligence Agency, nobody has questioned the need for the cut. I told them all this on the 8th of August and nobody complained at all until the 1st of November when the first pink slips went out. I would go on all night on this and it's not what you really want to hear, but let me just assure you that the cuts that we are taking at the Central Intelligence Agency are all in the Headquarters and the purpose for taking them is to strengthen our operation not to weaken it in any way. That is the only purpose behind it.

Question: Unintelligible

Answer: The strategic potential capabilities and objectives of the People's Republic of China. Clearly we all

recognize the vast long-term potential of a country with that amount of manpower and that amount of resources. In the near-term, we believe the new Chinese Government is dedicated much more strongly than previously to building up its economy and to improving and taking advantage of the opportunities that they have bypassed in recent years to ideological strength. At this point I do not see a military expansionist attitude in China. But I certainly see a great concern with the possibility of a military clash with their northern neighbor, the Soviet Union. I do not see any immediate threat to the island of Taiwan. The potential capability is there but in my view it would be very costly; one, because they have not built a special amphibious type force at this time. We see them 10 to 12 years behind us in sophisticated electronics and that type of thing; but we do see them with a small and emerging intercontinental nuclear missile force which is coming along. So, in a word, they are not today either a major economic or military power but they are certainly a very important political element in the world and a great potential in the military and economic spheres.

Question: I was wondering whether you could ^{draw} ~~cast~~ ^{line} a little ~~light~~ between CIA intelligence gathering work and covert operations?

Answer: Could I draw the line between CIA's intelligence

jargon the word covert operation, covert action is not an intelligence function. covert action is the effort to influence events or opinions in other countries with the source of the influence remaining unknown. This is not the collecting of information, this is trying to influence things. For many, many years, this function has been assigned to the Central Intelligence Agency by our government. It's the only Agency authorized to engage in this type of activity. Today, there are very, very tight controls over this activity which is also today on very, very small scale compared to the peak during the Vietnam era. For instance, if a policymaker thinks a covert action would help in a particular situation, he would come to me, I would come up with a plan, we would take it to the National Security Council who will make a recommendation to the President who must then sign the directive that is in his view the best interest of the country that we do this. I will then simultaneously execute it and notify 7 or 8 committees of Congress. Now if those aren't enough control to keep me under control I don't know. The other function is clandestine collection of intelligence information which _____ pure intelligence function which we do both by technical means and by the classic human spy as we have in the old days and will in the indefinite future. Despite some of my

derogatory press, I do not believe the spy is doomed and the technical _____ world is going to take over. That's very complementary and they are both very, very necessary in the future.

Question: _____ from the University of Georgia. Do you see your economic intelligence gathering as just a by-product of your central mission

Answer: Is economic intelligence collection a by-product of our primary mission? No, by no means. It takes quite a bit of resources in many cases to do it and it strictly stands on its own and is justified on its own and our relationship as far as the competition for assets is concerned with military and political intelligence. And I think it is going to grow in importance over the years and probably will have in increasing proportion of the assets assigned to it. But it has a sizable number today.

Question: Unintelligible

Answer: The gentlemen asked if I would discourse and if my wife can talk to the gentlemen he would know that he has just become extremely vulnerable. Might be here all night. Discourse on the two or three principal threats domestic or military or economic or otherwise in the United States today. This is an excellent question and I am going to think on my feet about this one. I will not talk about domestic threats because that is not my bag as they say,

Answer: and I have to be very careful because the Central Intelligence Agency does not operate in the United States or against Americans, and (muffled) We are involved in counterintelligence we don't do the counterintelligence in the United States the F.B.I. does and we have to work closely with them because we do the overseas counterintelligence. I will say, quite frankly, that the intelligence effort posed against us by the Communist bloc today is increasing to a magnitude that is dangerous. What are real major threats to our country? I don't think there is any question that the western alliance has the strength and the will to stand up to the growing Soviet, Eastern European military activity. But I must say that we must be very alert if we tread a fine line between maintaining sufficient military strength to maintain our self-confidence and spend so much time to the military that we hurt our economic position and/or exacerbate our interests with the eastern bloc. But if I understand what I believe is the policy of the Soviet Union, it is to trade from their weakness in economics and politics compared with us to their strength in the military sphere and hope their _____ can gain political leverage. They surely cannot compete with us economically and they really are not full scale members

Answer: of the world political scene that we are, but they certainly have and there is no way that we can deter other than hoping to make agreements like Strategic Arms limitations, their continued growth and military power. No one knows philosophically how one translates military power into political leverage, but one way it can be done is if you get scared. So we must maintain that resolve and whatever level of military strength it is that keeps us in that resolve, and I don't know how you measure that and I'm not advocating a big military program, and I'm not advocating a cut-back, I'm simply saying I think that is the most important thing. We must all think about it. When do you, when do our friends in Europe and our allies in the middle East begin to feel nervous because of this growth of both conventional and strategic military power _____ I think that is the cardinal thing that we must do, and yet, perhaps the second threat to me is a dissolution of economic cooperation that has developed around the world. Thirty years ago 80% of the world's land mass, 75% of its population and almost all of its economic activity was controlled by Western Europe and the United States. Today we know that is not the case, it's an entirely different world, we must acknowledge, recognize, encourage independence and freedom of each other's economies and powers but at the same time cannot

let that _____ in chaos. And on the media scene, for the third answer to your question sir, clearly, the situation in the middle east for which we are all praying tonight and every night is a very difficult, exciting moment of history, which is of tremendous importance to all of us.

(Thundering Applause)

Bradley until Mgt 5. Den. Inst. Diver. ext.

Gene asked me to talk about the strategic position of the U. S. I am not a policy maker - to provide unbiased intelligence I must stay clear of what policy is and whether policy is good or bad. I can assess for you the directions in which U.S. intelligence is going and from it you can deduce our concerns and outlooks.

To begin with we must look at the military equation. Thirty years ago the United States enjoyed absolute military superiority. Since that time the failure of the Soviets to make their system grow adequately in areas other than the military has led them to accent that particular competition. Intelligence has followed. We have watched the Soviets achieve a position of reasonable parity in most areas of the military. That parity places greater value on our ability to know more about their military plans, the pressures on military and civilian leaders, their ideas and their intentions. When you know your enemy's potential and something of what he is thinking, you can use your forces to much greater advantage. He doesn't normally reveal that information outright, but he does reveal pieces of information here and there. Over time those pieces can be brought together to form an accurate picture of not just what he is capable of doing, but what he is likely to do. This gives diplomats, like our SALT negotiators, useful insights; and it gives military commanders greater leverage in the use of their forces. In both cases it can give us the upper hand which we would otherwise not have. Hence large portions of the intelligence effort are on military.

Approved For Release 2001/11/22 : CIA-RDP80B01554R002700310001-2
Looking beyond the military, thirty years ago the United

States was the dominant economic power in the world. And, at the same time enjoyed relative economic independence. Today we are dependent on many other countries in an increasingly interdependent world. This growing economic interdependence means that the impact of unilateral, unanticipated, economic actions by us, the Soviets, the EEC, or Japan, for example, has the potential to devastate even the strongest nation. Here too, knowledge of what is happening around us is desperately needed if we are not to lose our shirt in the international economic arena.

Because of these changes in the world our intelligence efforts have had to move to keep pace with the changing needs of policy makers, today the intelligence community is very actively involved in economic collection and analysis, as well as military.

In fact, some of our major efforts during the past year have been directed primarily toward economic and political problems.

You may have heard that in March the CIA issued a report on the world energy prospects for the next 10 years or so. (Ep and) In May, a study was issued on the world steel outlook - available capacity, prospects for the future. We projected that the free world steel market will continue to be characterized through 1980 by excess capacity, low operating rates, and continued trade friction among major producers; & yet continued expansion of capacity, especially in third world.

In July, we issued a study on International Terrorism which has subsequently been made available through the Department of Commerce to businesses operating overseas. This study looks at those trends and developments which seem likely to influence future dimensions of the problem and impact on US world interests. Also in July, on behalf of the Joint Economic Committee of Congress, we issued one on the future prospects of the Soviet economy - a rather startling change-from what had been predicted in the past. Previously, the CIA has looked at the Soviet economy and felt that generally it had the capability to achieve three things:

- 1) to sustain the level of military growth that would permit them to catch up with us generally;
- 2) to make improvements, if not spectacular improvements, in the quality of life inside the Soviet Union; and
- 3) to sustain enough investment to carry on a generally growing economy.

Our most recent study reexamines these premises and comes to the conclusion that the outlook for the Soviet economy is more bleak today than at any time since the death of Stalin. This is based on our belief that the Soviets have maintained

Approved For Release 2001/11/22 : CIA-RDP80B01554R002700310001-2
their levels of productivity over these many years primarily by infusing large quantities of labor and capitol. We believe they are coming to a dead end here. For example, in the 1960's they had a very big drop in their birth rate. In the 1980's the rate of growth of their labor force will drop correspondingly from about 1.5% to about 0.5%. They will not be able to find the additional labor to keep up their productivity. Also, a lot of the growth of their labor force today is coming from the central Asian areas of the Soviet Union where there is serious resistance to the idea of migration to the big cities.

Secondly, their resources are becoming more scarce. They must reach farther into the Siberian wasteland for minerals. This is more difficult and more costly. The petroleum study mentioned before highlights the fact that Soviets have been emphasizing current production at the expense of developing reserves. In fact, the way they have been developing current producing - excessive water flooding - may have hurt their reserve position.

If you look carefully at the Soviets' own five year development plan, they themselves predict they will not be able to infuse the same amount of capitol or labor as they have in the past. However, they do conclude that somehow and nonetheless they will increase productivity. We don't think that is in the cards. We see no sign of increasing efficiency, nor any sign of a willingness to become less

Approved For Release 2001/11/22 : CIA-RDP80B01554R002700310001-2
shackled to the economic doctrines which are fundamental to their growth problem. Instead, we think that between now and the early 1980's the Soviets are going to be faced with some difficult pragmatic choices:

- (1) There may be a debate over the size or the amount of investment in their armed forces. Clearly, this is one avenue to find labor and capitol.
- (2) Another may be over whether they will continue to fulfill their promises for the delivery of oil to their Eastern European satellites. Will they export 1.6 Mbbl to E. Europe? Will they be able to afford to do this when it becomes more and more difficult for them to obtain hard currency?
- (3) And third, how will they obtain the necessary foreign exchange to sustain the rate of infusion of American and Western technology which they are currently depending upon to increase & improve their economic position? The Soviet hard currency debt is \$16B and E. Europe's is \$24B. Both are rising rapidly - an annual rate of \$5B/yr since 1973.

Interestingly, when they face these and other decisions, there is a high probability that they will be in the midst of a major leadership change. It could be a very difficult time for them. Then again, were they to make the right decisions and accept certain sacrifices it could go very smoothly; we just can't tell.

One of the important points coming out of all this is that we believe as the Soviets make these policy decisions, the effect will not be remote from you and me. To the contrary, it will be important to us both. What they do with their armed forces obviously impacts on what we do with ours. What they do with their oil inputs to the ^{Supplies} Eastern European countries and whether that area remains politically stable is going to have major impact on events throughout Europe. If there is too much competition for energy because they don't produce what they need, the world supply and price of petroleum will be affected. If they enter money markets in an attempt to borrow more from us and others in the West what will be our response? What will be our policy?

Now let me say that when we produce a study like this we are not so confident that we present it as the future revealed. We are merely providing our best reading of the clues we see. We expect others may disagree with us. But this too is productive. A good debate generates a good dialogue on important issues. When we did the oil study last March, for example, our conclusions were criticized in the press. We then wrote to our critics - academics, oil companies, think-tanks, and asked them to detail their objections for us. Those who did were invited to come into the Agency for a day of discussions with the authors of the study. A very interesting and stimulating dialogue resulted

Approved For Release 2001/11/22 : CIA-RDP80B01554R002700310004-2 of our
from which

studies come off the press, we will be able to increase our
dialogue with the public. Not normally been an objective.

That raises the question of what can be declassified
and published, and what must remain secret. We in the Intelligence
Community are at this moment reappraising our traditional
outlook toward secrecy, toward relationships with the public.

In part, because this increased importance of and attention to
economic intelligence, we are moving to establish a policy
of greater openness. The benefits to the public of being
well informed on the major economic issues is obvious.

Each time we complete a major intelligence study today, we look
over it carefully to see if it can be declassified. Whatever
its classification - Secret, Top Secret, or burn before reading -
we go through it and excise those portions which must remain
classified. These are clues which in the hands of our enemies
could jeopardize the way we acquired the information, or could
endanger the life of someone who has helped us. Once these
clues are removed, if there is enough substance left to be of
interest and of value to the American public, we publish the
study and make it available, usually through the Government
Printing Office.

Now, not to exaggerate, the Intelligence Community has,
of course, not been thrown open with all secrets revealed.
Anyone with a cursory understanding of the international system

Approved For Release 2001/11/22 : CIA-RDP80B01554R002700310001-2
appreciates that that would be very much to our disadvantage.

Sources would evaporate, the advantage of knowing more about your adversary than he thinks you know would be lost, and a foreigner's loyalty to us would assuredly be rewarded with prison or death.

But there are real advantages to opening up within the limits of necessary secrecy. Interestingly, I believe it is going to make it easier to protect important secrets.

Winston Churchill once said, if everything is classified secret, nothing is secret. Today too much information is classified.

There are also too many people running around who feel they can take it unto themselves to decide what should be classified and what should be released. They have released information which has done irreparable damage to our country in terms of damaged national relationships; in terms of expensive, technical intelligence systems compromised; in terms of lives dedicated to America and what we stand for, lost. They argue that society cannot trust its public servants to judge what should or should not be withheld from the public. They are wrong. The logical extension of this sophistry is that rather than trust the judgment and integrity of duly elected and appointed officials, the public should instead trust the judgment of either themselves - a few, self-chosen revealers of the nation's secrets - or for that matter, any of our 215 million citizens. As I have pointed out, the stakes are high: The treasure required to replace compromised intelligence collection systems, our relationships with other nations, the loss of what could be

Approved For Release 2001/11/22 : CIA-RDP80B01554R002700310001-2
vital sources of information, the loss of lives dedicated
to our well-being.

I personally believe the formula evolving now through
the close collaboration of the Executive and Legislative
Branches offers the most promising solution to the vexing
issue of what should remain secret and what can be shared with
the public in all three spheres of intelligence work: economic,
political, and military.

In short, we are moving in two directions at once today.
On the one hand we are opening up more, as in the case of the
economic study I cited. On the other hand we are moving to
tighten the barriers of security around what must be kept
secret so that there is less likelihood classified information
will be available to those who do not appreciate the damage
they can do with it.

Unquestionably a good balance must be established between
secrecy and openness. I am confident, however, that as we
find this balance, the Intelligence Community's contribution
to both the policy maker and the public will be strengthened.

Our nation's security, our nation's future is in many ways
dependent upon the quality of our intelligence. The successes
of the intelligence community are the successes of the nation.
The failures of the intelligence community endanger the nation.
You cannot be either indifferent to or against the functions of
the intelligence world. Your inviting me here is indicative
of your concern and interest and I deeply appreciate it.